

Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 USIA-06 L-02 H-01 PA-01 PRS-01 SAM-01

SP-02 AID-05 EB-07 NSC-05 RSC-01 CIEP-01 SS-15 STR-01

OMB-01 CEA-01 CIAE-00 FRB-01 INR-07 NSAE-00 XMB-02

OPIC-03 LAB-04 SIL-01 /079 W
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R 031015Z JAN 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 1155

INFO AMEMBASSY BEIRUT

USDOC WASHDC

SECTREAS WASHDC

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DEPARTMENT PASS AID

E.O. 11652: NA

TAGS: EINV EG

SUBJECT: ARAB BOYCOTT: INVESTMENTS IN EGYPT

REF: (A) STATE 282750 (NOTAL); (B) CAIRO 10387

1. EMBASSY HAS MADE LOW-LEVEL AND INFORMAL INQUIRIES WITH RESPECT TO BOYCOTT QUESTIONNAIRE MENTIONED REFTTEL, IN EFFORT TO DETERMINE EXACT STATUS AND NATURE OF REQUIREMENT. NOT TOO SURPRISINGLY, THERE APPEARS TO BE SOME CONFUSION WITHIN GOE ON THIS ISSUE.

2. GAMAL NAZIR, DIRECTOR GENERAL AT MINISTRY ECON COOP, ORIGINALLY TOLD EMBOFF THERE WAS NO SUCH REQUIREMENT AND WAS INSISTENT THAT NOTHING RELATED TO BOYCOTT QUESTION WAS IN ANY WAY INVOLVED WITH INVESTMENTS IN EGYPT. SUBSEQUENTLY, NAZIR CALLED BACK TO REPORT THAT IT WAS POSSIBLE THAT "SOME PEOPLE" IN GOE DID NOT UNDERSTAND RULES AND MAY HAVE MISTAKENLY DISTRIBUTED BOYCOTT QUESTIONNAIRE TO POTENTIAL INVESOTRS. IT WAS A MISTAKE, HE
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ADDED, AND WAS NOT TO BE CONSIDERED A REQUIREMENT. (AS AN

ILLUSTRATION OF THIS KIND OF MISTAKE, NAZIR REFERRED TO CENTRAL BANK'S INSISTENCE THAT REQUIREMENTS OF CURRENCY AND BANKING LAW OF 1957 APPLY TO OFFSHORE BANKS THAT ARE NOW AUTHORIZED TO OPERATE HERE. EVERYONE CONCERNED, EXCEPT CENTRAL BANK, AGREES THAT 57 LAW DOES NOT APPLY TO OFFSHORE BANKS, PARTICULARLY SECTION ON MAINTENANCE OF SPECIFIC CAPITAL ACCOUNTS IN EGYPT, AND YET THIS POINT STILL REMAINS AS AN OBSTACLE IN NEGOTIATIONS).

3. IT APPEARS THAT BOYCOTT QUESTIONNAIRE SURFACES AT THE TIME A COMPANY BEGINS ADMINISTRATIVE PROCEDURES FOR COMMERCIAL REGISTRATIONS, WHERE IT IS A PURELY ROUTINE ELEMENT IN PROCESS. WE ARE ADVISED THAT ALL FIRMS THAT MAKE APPLICATION FOR INVESTMENTS ARE REGULARLY CHECKED AGAINST ARAB LEAGUE BLACK LIST, EVIDENTLY WITHOUT KNOWLEDGE OF MINISTRY OF ECON COOP, BUT NO ACTION IS TAKEN UNLESS AND UNTIL REGISTRATION PROCEDURES BEGIN

4. EMBASSY IS OF OPINION THAT GOE'S TEPID COMMITMENT TO BOYCOTT CONCEPT WILL EVAPORATE IN FACE OF POTENTIAL INVESTMENTS, AT LEAST IN ALL BUT PARTICULARLY BLATANT CASES, BUT WE INTEND TO RAISE MATTER WITH OFFICIALS CONNECTED WITH ENCOURAGING AND ASSISTING INVESTMENTS SO THAT NECESSARY STEPS CAN BE TAKEN TO COORDINATE BUREAUCRATIC MECHANISMS.
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